



Interdepartmental Coordinating Committee for Women

November 19, 2002

Meeting called to order by chair, Heather Kiedrowski. Attended by Jere-Ann Nelson, Administration; Kelly Da Silva, Administration; Lesa Evers, Agriculture; Ann Pearson, Agriculture; Karyl Tobel, Commerce; Vicki Schiller-Long, Corrections; Heidi Lindgren, DEQ; Sara McLaughlin, FWP; Betty Johnson, FWP; Molly Holz, Historical Society; Trudy Phippen, Labor & Industry; Michelle Peterson, Livestock; Linda Huseby, Livestock; Joan Franke, OPI; Nancy Hughes, DNRC; Christina Hine-Reber, DPHHS; Beth Campbell, Revenue; Pam Spore, Revenue; Yoli Fitzsimmons, Secretary of State; Myrna O'Dell, State Auditor; Prudy Hulman, Transportation; Rebecca Johnson, Transportation.

Welcome

Speaker

Jane Hammon, Governor's Office of Budget and Planning reviewed the Governor's Budget.

Budget Planning

There is currently an estimated \$250 million shortfall for the next budget cycle. The planning process begins in the January of even years and is a year-long process. By law the governor has the authority of make a 10% general fund reduction, and in the past year, this 10%, \$23.25 million, covered the shortfall in the last fiscal year, and \$15 million in transfers covered the rest. The '03 cuts apply to '02.

Reasons for Revenue Shortfall and Solutions to It

The shortfall is the result of the loss of capital gains taxes. Also wildfires caused insurance costs to rise, and the state is mandated to cover \$35 million in Medicaid costs. To balance the budget, expenses were added to cuts, plus the annualization of costs, and distributed to the General Fund target for each agency. Some agencies had to give up more than others. For example, Ag gave up grants. Commerce gave up research grants, foreign trade officers, etc.

There is also a constitutional mandate to cover education costs. In an effort to figure out solutions to the funding shortage, the Public School Hearing Council held hearings throughout the state to hear citizen's opinions of what might be done. One of the problems facing school districts is declining enrollments—11.5% decline statewide. One of the recommendations was to base funding is based on three-year average of enrollment, instead on a single year. In order to do that, \$8 million was taken from the Treasure State Endowment, which allows grants to update sewer/water systems. That money was put into the school infrastructure.

Another way to balance budget was to use Medicaid eligibility to shift some fiscal burden to the federal government. Medicaid eligibility means that some children are

eligible for matching money from the federal government. This brought in \$13 million in new federal money.

When a project is funded by a federal grant, retirement and vacation is paid from that federal money. However, all teacher's retirement was paid by the state. Now, only teachers paid from state fund receive money from the state. All federally funded teachers receive federal money. This saves \$9 million in General Fund and \$11 million in county taxes.

There is another increased cost to the state--the cost for district courts. During the last legislative session, a bill that transferred costs for district courts from local government to state government. This will cost state government an estimated \$17 million. The costs are going to be high because there are no spending controls; it is rather like a blank check. For example, there is no incentive to keep costs for expert witnesses or court-appointed guardians to a minimum. The governor is recommending a bill that will define costs better.

Ways to Balance the Budget

The governor is recommending the \$93 million dollars be borrowed from the Coal Trust. This would be a one-time borrow and treated as a transfer so that it will be repaid. This measure would require a three-fourths vote from both houses.

Another potential source of income is the Treasure State Endowment. In compensation for the use of the trust, the flow from the trust would increase from its current 50% to 75% until 2013. So the balance will be high by that time.

Decreasing services is not really a savings because employee numbers remain about the same.

The university systems budget will remain about the same.

Corrections has been absorbing a \$9 million deficit. Currently, it is at a \$2.5 million deficit. Corrections has been applying some innovative cost savings through different treatment programs.

Potential fires are not addressed in the DNRC's budget. The change regarding this matter is that the emergency authority has been raised from \$12 to \$25 million.

Revenue is facing the largest numbers of RIFs, twenty-two in the budget. The computer system is in the second phase of its upgrade.

Military faces a \$3.5 million reduction that will affect the maintenance of its structures.

DEQ allotted \$9 million for bonding bill to match federal EPA funds.

Employee pay is another issue in the budget. The only employee pay increase comes through the state's coverage of increased insurance costs. It is a \$44 increase this year; it is projected to be \$94 in 2005.

Ultimately, however, the governor's budget is only a recommendation from the governor. The legislative branch, the only branch is state government that is fully funded, will make its own decision.

Questions

Suggestion: State-owned real estate should be rented for income.

Reply: Many state-owned properties are being utilized in such a way that they bring income to the state. Jane gave the example of the alcohol treatment program at the State Hospital.

How can state employees affect legislation?

It might be effective to talk to your state legislator. This will be a busy session because budget cuts necessitate the enactment of sixty-five to seventy bills, rather than the usual sixteen. Legislators can propose unlimited bills until December 5.

Is there talk about ways to raise money?

There are several revenue bills: Justice is proposing a \$5 fee on reports of original jurisdiction that would go to law enforcement; another is for a \$5 fee on the transfer of titles, which would be used to pay for the second half of the computer update; DEQ has a few also, including air quality fees. There is one in Ag. Montana is not alone in budget shortfall. Oregon has already seen five specials sessions.

What is the overall RIF count?

It is hard to tell because many of the agencies are switching to other, private funding sources. Vacancy savings is budgeted at 4%. However, there is a loss if this is relied on too heavily to recoup money. The pay plan was also unfunded. The hiring freeze was lifted Nov. 20 and will remain of as long as agencies use the ability to hire with discretion. Currently, the state is 2/3 of the way to its fiscal target for this year.

What does it mean for the state when it does not match federal funds?

There is no amount calculable; agencies are switching to other funding—private money, in-kind transactions, etc.

What can state employees do?

Being aware and active in regard to changes in the employee pay plan is a good place to start.

Currently, the budget crisis seems to be the worst since 1929. During previous downturns, there were small pots of money in each agency, but the legislature's passage of de-earmarking bills has meant that every dime is spent in every session. There is nothing left to mitigate the shortfall.

The governor's budget is available on-line

New business

Minutes for the October 15, 2002 meeting were presented by Heather Kiedrowski and were approved, with an amendment, adding attendance from that meeting.

The treasurer's report was presented by Leesa Evers and was approved. As of 10/31/02, ending draft balance is \$269.17 and ending savings account balance is \$1947.26.

Subcommittee reports

Legislative

Subcommittee members have recently sought information about the state daycare in anticipation that there might be funding cuts during the session. Prudy Hulman distributed an email to a Department of Administration (DOA) employee, Larry, listing these questions. For example, these included “How many kids in the daycare are the children of state employees?” and “What happens if agencies don’t pay?” (Answer: Because the DOA signed the contract, it is responsible for payment.)

The point was made that less than half of state employees live in Helena and there is a large contribution made for the benefit of the few. The counterargument is that the \$3,000 contribution made from the MDT is not large considering the size of the agency.

The question remains what to do if cuts begin to be made or if there is resistance to daycare payment. The plan of action is to start looking at bills and researching what ICCW might have an interest in as part of its mission to support the position of women in state government. ICCW has one, possibly two, registered lobbyists, Jean Branscum, and possibly Diane West. To lobby legislators, one must be registered; fines are heavy if this stipulation is violated.

Measures

Nothing to report at this time because meeting cancelled for lack of attendees.

Public Relations

Karyl Tobel recently emailed a survey to ICCW members to determine the best way to distribute information with state agencies and what computer format is most effective. The subcommittee is also at work on determining improvements for the ICCW webpage and planning to move forward in publishing a quarterly newsletter.

Training

Training is preparing for the December 5th brown bag program, Secretary of State Bob Brown’s talk on the legislative process with a guided tour of the Capitol following. An announcement of the MINE webpage, a reminder on all paychecks, an email to all ICCW members with an attached poster, and poster distributed at the meeting are among the publicity distributed.

The subcommittee is open to suggestions for future trainings. It is now at work on a nutrition and wellness program. Please email your recipe for a healthy dish to Michelle Peterson.

Other Business

The group agreed to “adopt” two families in need. CTY will supply with a list of needs and a select group will deliver the collected items. People can also make donations of cash.

The group decided to hold a Christmas potluck on Tuesday, December 17, at the Montana Department of Transportation auditorium. Molly Holz will ask historian Dave Walter if he would give his presentation “Christmas in Montana” that day.

A measure to change the by-laws to add the Past Chairperson position to the Leadership Committee was unanimously approved.

ICCW approved a suggestion to send former ICCW member Marcia Davis a card congratulating her on her appointment as Helena superintendent of schools.

Meeting adjourned.